

Albuquerque Operations Office

# memorandum

**DATE:** JUL 28 1997**REPLY TO**  
**ATTN OF:** AFSC:FPSRB:la**SUBJECT:** Under-runs In Agreements with Non-DOE Sponsors**TO:** Douglas R. Denham, Acting Director, Laboratory Programs Division (LPD)

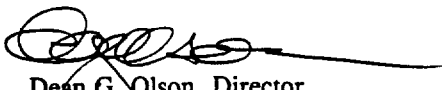
Recently, the Albuquerque Financial Service Center (AFSC) and Laboratory Programs Division (LPD) learned that Los Alamos National Laboratory (LANL) and Sandia National Laboratories (SNL) are not returning under-runs of Funds-In Agreements if they did not exceed a specified dollar threshold. The threshold for LANL is under \$1,000 or less than five percent of the agreement cost and under \$100 at SNL.

Your staff asked for guidance from AFSC to determine if this is an acceptable practice. If acceptable, your office plans to revise the Non Federal Sponsors Process (NFSP) Article IV, Funding and Payment. Presently Article IV states in part: "Upon termination or completion, any excess funds shall be refunded by the Contractor to the Sponsor." The proposed language change reads as follows: "Upon termination or completion, any excess funds shall be refunded by the Contractor to the Sponsor in accordance with the Contractor's close-out procedures."

We have reviewed LANL's internal procedures addressed in A. I. Jennings' memorandum dated March 27, 1989, titled "Cost Correction Requests" and SNL's internal procedures outlined in "Sandia National Laboratories Cost Accounting Standard Disclosure Statement" and have found them to be acceptable. The key factors of an acceptable procedure establishing a threshold as to when excess funds will not be returned to the sponsor are (1) the threshold is based on what is considered "immateriality of the specified amount," (2) the procedure is applied in a consistent manner, and (3) the administrative cost to make the refund exceeds the refund amount.

The above approval applies to Funds-In Agreements, CRADAs, and User Facility Agreements with non-federal sponsors and Interagency Agreements with other federal agencies, which are under the purview of LPD.

Please call Herman Smith at (505) 845-4107 if you have any questions concerning this matter or require additional information.



Dean G. Olson, Director  
Albuquerque Financial Service Center

cc:  
David Katz, LPD  
Larry Adcock, LPD  
Vicki Aschenbrenner, LPD  
Jim Chafin, OCC

#### DISTRIBUTION:

Frank A. Baca, Chief Financial Officer, AL  
Larry J. Vann, Chief Financial Officer, CH  
Jean Morgan, Director, CR-50  
Janet Hogler, Chief Financial Officer, FETC  
Timothy A. Rea, Financial Program Manager, GO  
David L. Hamer, Jr., Chief Financial Officer, ID  
M. Janet Boulanger, Finance Manager, NPOSR  
David Marks, Chief Financial Officer, NV  
Camille Yuan-Soo Hoo, Chief Financial Officer, OAK  
Peter W. Greenwalt, Chief Financial Officer, OH  
Judith M. Penry, Chief Financial Officer, OR  
Gary A. White, Chief Financial Officer, PNRO  
Mary Ann Tinney, Acting Chief Financial Officer, RF  
R. R. Tibbatts, Acting Chief Financial Officer, RL  
William J. Leahy, Chief Financial Officer, SNRO  
Marvin T. Huntsman, Director, SPRO  
John Pescosolido, Chief Financial Officer, SR

#### PROGRAM LIAISONS:

James P. Landers, Deputy Asst. Secretary for Program Support, DP-4  
Fred Glatstein, Director, Office of Budget & Financial Management, EE-63  
Eli B. Bronstein, Director, Office of Budget, EM-23  
Charles J. Roy, Financial Systems Officer, FE-1  
W. Colsh, Associate Director, Office of Resource Management, NE-13  
Ralph H. Delorenzo, Director, Financial Management Division, SC-63

September 2, 1999